

Onward! A Legacy Foundation Investment Policy and Procedures

Purpose:

To establish a clear set of objectives for the investment of funds, to develop specific guidelines and limitations to establish an appropriate investment strategy for managing all of Onward!'s invested assets, to define the finance committee, which is responsible for decision making, and define the investment advisory committee, which will monitor the investment results and ensure that the investment policy is being followed.

Policy and Procedures:

The Board of Onward! is responsible for managing the investment process in a prudent manner with regard to preserving capital, providing growth and earning income for grantmaking.

The Board may delegate all investment decisions to the finance committee. The finance committee shall be comprised of members determined by the Board in writing and chaired by the Treasurer of the Board. The finance committee shall report on a monthly basis the market value of the portfolio as well as the transactions conducted.

The Board is authorized to establish an investment advisory committee to assist the finance committee in the development and implementation of the investment policy and guidelines. This includes, but is not limited to, allocation between income securities and common stock indices, recommendation of prospective asset classes, and investment performance expectations and evaluation of past results.

The investment advisory committee shall:

- Review on a quarterly basis the investment performance of the portfolio to assure the policy is being followed and progress is being made toward achieving objectives.
- Assist in establishing the investment policy and guidelines contained herein.
- Provide recommendations on the investment strategy and the coordination of the asset allocation process. This strategy shall be within the investment guidelines as set forth in this document
- Monitor asset allocation among all asset classes and verify on a quarterly basis that allocations are within targets defined by the investment guidelines.

Onward! A Legacy Foundation Investment Guidelines

Overview:

Onward!'s investment objective is to invest donor funds responsibly to preserve capital, provide growth and earn income for grantmaking. Onward!'s finance committee seeks to achieve this objective by investing primarily in a portfolio of income securities and common stock indexes.

Principal Investment Strategies:

Onward!'s finance committee seeks to achieve its objective by investing primarily in a portfolio of income securities and common stock indexes with an active asset allocation strategy. In selecting securities for investment, the finance committee focuses on securities that it believes offer current income and some capital appreciation at a reasonable risk. As a result, Onward! will not necessarily invest in the highest yielding securities permitted by this investment guide if such investments would subject Onward! to excessive risk. Portfolio securities are typically sold when the assessments of the finance committee of current income potential and capital appreciation of such securities materially change.

Asset Allocation Targets:

Onward!'s portfolio will be guided by the following asset allocation targets:

0 – 100%	Cash, cash equivalents, CD's
0 – 100%	"Investment-grade" income securities
0 – 20%	"Lower-grade" income securities
0 – 20%	Foreign market debt securities
0 – 60%	Common stock indices
0 – 15%	Foreign market common stock indices

From time-to-time, market conditions may cause the portfolio's investment in various asset classes to vary from the established allocation. To remain consistent with the asset allocation targets, each asset class in which the portfolio invests, will be reviewed on a quarterly basis and rebalanced back to within the asset allocation targets, allowing for a difference of up to 3% above the high end of the target percentage.

Income Securities:

Onward!'s investments in income securities may include preferred stock, debt securities and other equity investments that have fixed income characteristics such as exchange-traded funds (ETF) investing in debt securities. Onward!'s investments in income securities may also include mutual funds, both open and closed funds, investing in preferred stock or debt securities. Of the individual income securities held in the portfolio, various maturities are selected which are considered "investment-grade" quality at the time of investment. Onward! may invest up to 100% of its total investment assets in "investment-grade" income securities. Onward! may invest up to 20% of its total investment assets in lower-grade securities at the time of investment, which are securities commonly referred to as "junk bonds" and involve special risks as compared to investment in higher-grade securities. Onward! may also invest up to 20% in foreign market debt securities.

Common Stock:

Onward!'s investments in common stock may include mutual funds and ETF's that attempt to replicate a stock index, such as the SPDR Trust Series 1 (SPY) whose objective is to replicate the total return of the S&P 500 Index. Other ETF's include broad market indices (i.e. Russell 3000), mid cap and small cap indices (i.e. S&P MidCap 400 and the Russell 2000), sector or industry indices (i.e. Dow Jones U.S.

Utilities Sector) and global or foreign indices (i.e. IShares S&P Europe 350 and the S&P Global 100). Onward! may invest up to 60% of its total investment assets in these common stock indices. Onward!'s investments in common stock indices may include investments in foreign markets. Onward! may invest up to 15% in foreign market common stock indexes.

Realized and Unrealized Gains/Losses:

Onward! distributes all realized and unrealized gains and losses at the end of every month to each fund in the foundation according to ending monthly fund balances. Realized earnings are defined as interest and dividends received plus gains and/or losses realized from the sale of securities that month. Unrealized gains or losses represent the change in fair value of the security for that month. Since unrealized gains or losses are distributed to the funds monthly, each fund is valued at its fair value at the end of each month.

Principal Investment Risks:

An investment in Onward! is subject to risks, and funds could lose money on the investment in Onward!. There can be no assurance that Onward! will achieve its investment objective.

Market risk:

Market risk is the possibility that the market values of securities owned by Onward! will decline. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. Investments in common stocks generally are affected by changes in the stock markets which fluctuate substantially over time, sometimes suddenly and sharply. Investments in income securities generally are affected by changes in interest rates and the creditworthiness of the issuer. Generally, the market prices of debt securities tend to fall as interest rates rise, and such declines tend to be greater among debt securities with longer maturities.

Credit risk:

Credit risk refers to an issuer's ability to make timely payments of interest and principal. Onward! may invest in investment-grade securities and may invest up to 20% of its total assets in securities below investment-grade credit quality. Therefore, Onward! is subject to a higher level of credit risk than a fund that invests solely in investment-grade securities. "Noninvestment grade" securities are considered speculative by recognized rating agencies with respect to the issuer's continuing ability to pay interest and principal, and such securities have less liquidity and a higher incidence of default than investments in higher-grade securities.

Interest rate risk:

Interest rate risk is the risk of a change in the price of a fixed income security when prevailing interest rates increase or decline. In general, if interest rates rise, fixed income securities fall, and if interest rates fall, fixed income securities rise. Changes in the values of fixed income securities usually will not affect the amount of income Onward! receives from them but will affect the value of the share's owned. Interest rate risk is generally greater for fixed income securities with longer maturities.

Inflation risk:

Inflation risk is a risk to owners of fixed income securities because there is a chance that the returns on these instruments may not keep pace with inflation. Inflation represents the rising cost of goods and services over time

Income risk:

The ability of Onward!'s common stock indices and preferred stocks to generate income generally depends on the earnings and the continuing declaration of dividends by the issuers of such securities. The interest on Onward!'s debt securities is generally affected by prevailing interest rates, which can vary widely over the

short- and long-term. If dividends are reduced or discontinued or interest rates drop, income from Onward! may drop as well.

Foreign risks:

Because Onward! may own securities of foreign issuers, it may be subject to risks not usually associated with owning securities of U.S issuers. These risks can include fluctuations in foreign currencies, foreign currency exchange controls, political and economic instability, differences in financial reporting, differences in securities regulation and trading and foreign taxation issues.

Manager risk:

As with any managed fund, Onward!'s finance committee may not be successful in selecting the best performing securities or investment techniques, and Onward!'s performance may lag behind that of similar foundations.

Donor/Investor Profile

In light of Onward!'s investment objective and strategies, Onward! may be appropriate for donor/investors who:

- Seek current income
- Desire preservation of capital
- Seek capital appreciation/growth over the long-term

An investment in Onward! is not a deposit of any bank or other insured depository institution. An investment in Onward! is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency except for the funds in bank accounts. Bank account funds are guaranteed by the FDIC up to \$100,000 per institution.

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